


## Memorandum

*Flex your power!  
Be energy efficient!*

To: ALL DISTRICT DIRECTORS  
ALL DEPUTY DISTRICT DIRECTORS  
ALL DIVISION CHIEFS

From:  BRENT FELKER  
Chief Engineer

Date: September 30, 2002

File:

Subject: Guidelines for Use of *A+B* Bidding Provisions

The California Department of Transportation has established a 2002 strategic plan objective of increasing the number of projects that use *A+B* bidding provisions. *A+B* bidding is a method of determining the lowest responsible bidder and the number of contract working days for a project by requiring contractors to bid competitively with respect to both construction cost and project duration. Use of the *A+B* bidding method has resulted in substantial reductions in contract time on a number of State Highway construction projects. The benefit to the traveling public is reduced time in work zones.

Effective immediately, *A+B* bidding provisions shall be included in projects meeting selection criteria including estimated cost of \$5 million or more and daily road user delay cost of \$5,000 or more. The attached new *Guidelines for Use of A+B Bidding Provisions* provides implementation guidance and supersedes the *Conceptual Guidelines for Use of Cost/Time (A+B) Bidding Provisions* issued on June 12, 2000. The Division of Engineering Services, Office Engineer, has approved *A+B* bidding specifications and posted them on the Headquarter's Office Engineer Fileserver.

Exceptions to the project selection criteria may only be approved by Scott Jarvis, Chief, Office of Contract Administration, and the Division of Construction field coordinator assigned to your district or region.

Please contact Karla Sutliff, Chief, Division of Design, or Robert Pieplow, Chief, Division of Construction, if you have questions regarding this memorandum or attached guidelines.

### Attachment

c: RBuckley; KSutliff; JMcMillan  
District Office Engineers  
RPieplow

ALL DISTRICT DIRECTORS

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bc: Director's File  
THarris; BFelker  
Construction Subject File; Construction Author (Cotey) File

JC:sf

Title: **GUIDELINES FOR USE OF *A+B* BIDDING PROVISIONS**

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## **Purpose**

To provide guidance for the use of *A+B* bidding provisions on State Highway projects.

## **Definitions**

*A+B Bidding*, also referred to as cost-plus-time bidding, is a method of determining the lowest responsible bidder for projects by requiring contractors to competitively bid the construction cost and the number of working days to complete all work. The “Total Basis for Comparison of Bids” is the sum of *A* and *B*, where:

*A* is the contractor's bid amount for the sum of the item totals on the Engineer's Estimate for all work to be done, and

*B* is the product of the specified Cost per Day and the number of working days bid by the contractor.

*Cost per Day* is the sum of standard liquidated damages and additional liquidated damages.

*Liquidated Damages (LD's)* is the daily amount that the state assesses the contractor for each and every calendar day's delay in finishing the work in excess of the number of working days bid.

*Standard LD's* is the daily amount for the state's estimated field engineering and facility cost for construction contract administration. If no further lane or shoulder closures are required on the mainline highway to complete remaining work, only standard LD's are assessed.

*Additional LD's* is the daily amount for additional estimated costs to the state and/or public such as road user delay costs, costs resulting from delays to adjacent projects, social/economic impacts or business revenue loss. If the contractor is required to close lanes or shoulders on the mainline highway in order to complete remaining work, both standard LD's and additional LD's are assessed, which is the Cost per Day amount.

## **Background**

*A+B* bidding provisions have been used in a number of projects in California since 1990, including most of the Cypress and Northridge earthquake projects. In 1995, as a result of a five-year study by the Department of Transportation (Department), the Federal Highway Administration stopped considering *A+B* bidding experimental and began encouraging policy development for implementation. In eight recent projects that used *A+B* bidding, ranging in total cost from \$10 to \$286 million, the number of working days bid for part *B* was 8 to 64 percent (78 to 515 days) less than the maximum working days allowed for responsive bids.

applied to the project with approval from the district director. If working days are redefined as calendar days, the project engineer's construction CPM schedule must also account for the typical effects of weather in estimating total project duration.

Contact DES, OE, Office of Construction Contract Standards for special provisions for these cases. Refer to the *Conceptual Guidelines for Use of Incentive and Disincentive (I/D) Provisions* issued by the chief engineer to district directors on June 12, 2000 for guidance on using I/D provisions in projects.

## **Conclusion**

Contract time is an integral part of every construction project. These guidelines are intended to provide a standard way of selecting projects and implementing *A+B* bidding provisions effectively. Use of *A+B* bidding provisions on projects in accordance with these guidelines does not require district director's approval. If you have questions or comments about this information, please contact the Division of Construction contract time specialist, Jim Cotey at (916) 657-5170 or by e-mail at [Jim\\_Cotey@dot.ca.gov](mailto:Jim_Cotey@dot.ca.gov).